

**CITY OF LOGAN**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2010**



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# CITY OF LOGAN

## OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>(Prior to January 1, 2010)</b>		
Michael Foutch	Mayor	December 2009
Randy Fetter	Mayor Pro-Tem	December 2009
Chris Hartwig	Council Member	December 2011
Stewart Johnson	Council Member	December 2009
Brian Knau	Council Member	Resigned July 2008
Scott Moss	Council Member	December 2011
Alan Whitmore	Council Member	December 2011
Nedra Fliehe	City Administrator	Indefinite
Angela Winther	Assistant Administrator	Indefinite
Joe Lauterbach	City Attorney	Indefinite
<b>(After January 1, 2010)</b>		
Randy Fetter	Mayor	December 2011
Chris Hartwig	Mayor Pro-Tem	December 2011
Dee Clark	Council Member	December 2011
Dennis Crum	Council Member	December 2013
Stewart Johnson	Council Member	December 2013
Scott Moss	Council Member	December 2011
Nedra Fliehe	City Administrator	Indefinite
Angela Winther	Assistant Administrator	Indefinite
Joe Lauterbach	City Attorney	Indefinite

# MUXFELDT ASSOCIATES, CPA, P.C.

Certified Public Accountant

August 25, 2010

Lonnie G. Muxfeldt  
Certified Public  
Accountant

## Independent Auditor's Report

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Iowa  
Missouri

To the Honorable Mayor and  
Members of the City Council:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Logan, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Logan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Continued . . .

August 25, 2010  
Page Two

To the Honorable Mayor and  
Members of the City Council:

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Logan at June 30, 2010, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, I have also issued my reports dated August 25, 2010 on my consideration of the City of Logan's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 9, and 28 through 30 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I applied limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Logan's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2009 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information, included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 Murphy Associates, CPA, P.C.





**CITY OF LOGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

As management of the City of Logan, Iowa we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's statements include three components: 1) a cash basis government-wide financial statement, 2) cash basis fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statement:** This statement consists of a Statement of Activities and Net Assets and provides information about the activities of the City as a whole and presents an overall view of the City's finances.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City has two kinds of funds:

- 1) Governmental fund account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Local Option Tax, and Employee Benefits, 3) Debt Service Fund, and 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.
- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the water and sewer funds, considered to be major funds of the City.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Analysis of significant changes in financial position and fund balances:** The City's cash balance for governmental activities decreased 44% from a year ago, decreasing by \$146,730 during the fiscal year ended June 30, 2010. The decrease was primarily due to completion of the Aquatic Center and the parking lot projects.

The analysis that follows focuses on the changes in the cash basis net assets of governmental activities:

Changes in Cash Basis Net Assets of Governmental Activities			
		Year ended June 30,	
		2010	2009
Receipts:			
Program receipts:			
Charges for services	\$	196,564	\$ 138,383
Operating grants, contributions and restricted interest		176,802	144,230
Capital grants, contributions and restricted interest		106,204	325,612
General receipts:			
Property tax		559,904	477,768
Local option sales tax		81,619	88,262
Unrestricted investment earnings		245	527
Note proceeds		403,230	1,496,770
Sale of assets		-0-	3,300
Total receipts		<u>1,524,568</u>	<u>2,674,852</u>
Disbursements:			
Public safety		213,796	192,514
Public works		233,078	274,346
Health and social services		4,400	4,350
Culture and recreation		347,786	135,905
Community and economic development		1,382	1,458
General government		109,258	117,979
Debt service		244,918	179,484
Capital projects		516,680	1,964,387
Total disbursements		<u>1,671,298</u>	<u>2,870,423</u>
Change in cash basis net assets before transfers		(146,730)	(195,571)
Transfer, net		<u>-0-</u>	<u>(1,500)</u>
Change in cash basis net assets		(146,730)	(197,071)
Cash basis net assets, beginning of year		<u>335,600</u>	<u>532,671</u>
Cash basis net assets, end of year	\$	<u>188,870</u>	\$ <u>335,600</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The City's cash balance for business type activities increased \$58,279 or 200% during the fiscal year ended June 30, 2010. The increase is primarily due to substantial water and sewer rate increases effective July 1, 2009. It is anticipated that the sewer deficit will be eliminated within two years. The major water project was the drilling of Well #4. The CDBG lagoon water retention and pond project was started but delayed due to unseasonable rainfall at the end of the fiscal year. The expected completion date is September 1, 2010.

The analysis that follows focuses on the changes in the cash basis net assets of business type activities:

Changes in Cash Basis Net Assets of Business Type Activities			
		Year ended June 30,	
		2010	2009
Receipts:			
Program receipts:			
Charges for services and sales:			
Water	\$	308,359	\$ 240,142
Sewer		252,057	141,944
Operating grants, contribution, and restricted interest		-0-	5,023
General receipts:			
Unrestricted interest		1,468	503
Meter deposits		3,780	4,600
Note proceeds		50,000	-0-
Miscellaneous		-0-	19,727
Total receipts		615,664	411,939
Disbursements:			
Water		289,249	188,529
Sewer		91,058	122,482
Debt service		173,798	185,570
Meter deposit refunds		3,280	3,650
Total disbursements		557,385	500,231
Change in cash basis net assets before transfers		58,279	(88,292)
Transfers, net		-0-	1,500
Change in cash basis net assets		58,279	(86,792)
Cash basis net assets, beginning of year		(29,168)	57,624
Cash basis net assets, end of year	\$	29,111	\$ (29,168)

**Analysis between actual and budget amounts:** The City amended its budget on September 14, 2009 and May 24, 2010. The final amended budget increased revenue by \$338,000 and increased disbursements by \$410,000. The budget was amended primarily to reflect construction costs of the Aquatic Center and parking lot, well #5 and the lagoon retention project.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Debt Administration:** At June 30, 2010, the City had \$2,987,386 in bonds and other long-term debt compared to \$2,833,394 last year, as shown below:

Outstanding Debt at Year-End			
		2010	2009
General obligation bonds	\$	1,977,386	\$ 1,738,394
Revenue notes		<u>1,010,000</u>	<u>1,095,000</u>
Total	\$	<u>2,987,386</u>	<u>\$ 2,833,394</u>

The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$1,977,386 is significantly below its constitutional debt limit of \$3 million.

**Future financial statement impact:** The City has no major projects for fiscal year 2011 except completion of the wastewater retention pond.

**Requests for information:** Requests for additional information can be made to the Logan City Administrator, Nedra Fliehe, at 108 West 4<sup>th</sup> Street, Logan, Iowa 51546.



## **BASIC FINANCIAL STATEMENTS**

**CITY OF LOGAN**  
**STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS**  
**AS OF AND FOR THE YEAR ENDED 30, 2010**

			Program Receipts	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	Disbursements	Charges for Services		
<b>Functions / Programs:</b>				
Governmental activities:				
Public safety	\$ 213,796	\$ 12,067	\$ 3,757	\$ -0-
Public works	233,078	40,934	150,803	5,008
Health and social services	4,400	-0-	-0-	-0-
Cultures and recreation	347,786	74,713	22,242	89,372
Community and economic development	1,382	-0-	-0-	-0-
General government	109,258	68,850	-0-	-0-
Debt service	244,918	-0-	-0-	-0-
Capital projects	516,680	-0-	-0-	11,824
Total governmental activities	1,671,298	196,564	176,802	106,204
Business type activities:				
Water	374,787	311,576	563	-0-
Sewer	182,598	252,057	-0-	-0-
Total business type activities	557,385	563,633	563	-0-
Total	\$ 2,228,683	\$ 760,197	\$ 177,365	\$ 106,204
<b>General receipts:</b>				
Property taxes levied for:				
General purposes				
Debt service				
Local option sales tax				
Unrestricted investment earnings				
Note proceeds				
Total general receipts				
Change in cash basis net assets				
Cash basis net assets, beginning of year				
Cash basis net assets, end of year				
<b>Cash basis net assets</b>				
Restricted:				
Nonexpendable:				
Permanent Library				
Expendable:				
Streets				
Debt service				
Capital projects				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements.



EXHIBIT A

Net (Disbursements), Receipts and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
\$ (197,972)	\$ -0-	\$ (197,972)
(36,333)	-0-	(36,333)
(4,400)	-0-	(4,400)
(161,459)	-0-	(161,459)
(1,382)	-0-	(1,382)
(40,408)	-0-	(40,408)
(244,918)	-0-	(244,918)
(504,856)	-0-	(504,856)
(1,191,728)	-0-	(1,191,728)
-0-	(62,648)	(62,648)
-0-	69,459	69,459
-0-	6,811	6,811
(1,191,728)	6,811	(1,184,917)
396,758	-0-	396,758
163,146	-0-	163,146
81,619	-0-	81,619
245	1,468	1,713
403,230	50,000	453,230
1,044,998	51,468	1,096,466
(146,730)	58,279	(88,451)
335,600	(29,168)	306,432
\$ 188,870	\$ 29,111	\$ 217,981
\$ 55,648	\$ -0-	\$ 55,648
5,976	-0-	5,976
(16,816)	50,112	33,296
(74,704)	-0-	(74,704)
129,407	12,500	141,907
89,359	(33,501)	55,858
\$ 188,870	\$ 29,111	\$ 217,981

**CITY OF LOGAN**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN CASH BALANCES - GOVERNMENTAL FUNDS**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue		
	General	Local Option	Employee
		Tax	Benefits
<b>Receipts:</b>			
Property tax	\$ 304,641	\$ -0-	\$ 83,142
Other city tax	31	81,619	8
Licenses and permits	5,556	-0-	-0-
Use of money and property	11,925	80	-0-
Intergovernmental	14,529	-0-	-0-
Charges for services	160,864	-0-	-0-
Special assessments	1,510	-0-	-0-
Miscellaneous	116,513	-0-	-0-
Total receipts	<u>615,569</u>	<u>81,699</u>	<u>83,150</u>
<b>Disbursements:</b>			
Operating:			
Public safety	172,899	1,930	35,402
Public works	50,599	18,021	16,091
Health and social services	-0-	4,400	-0-
Culture and recreation	251,115	86,685	9,986
Community and economic development	1,382	-0-	-0-
General government	91,423	-0-	16,335
Debt service	-0-	-0-	-0-
Capital projects	-0-	-0-	-0-
Total disbursements	<u>567,418</u>	<u>111,036</u>	<u>77,814</u>
Excess (deficiency) of receipts over (under) disbursements	48,151	(29,337)	5,336
<b>Other financing sources (uses):</b>			
Note proceeds	-0-	-0-	-0-
Operating transfers in	10,233	-0-	-0-
Operating transfers out	(50,000)	(20,678)	(3,000)
Total other financing sources (uses)	<u>(39,767)</u>	<u>(20,678)</u>	<u>(3,000)</u>
Net change in cash balances	8,384	(50,015)	2,336
Cash balances, beginning of year	<u>80,975</u>	<u>132,804</u>	<u>36,337</u>
Cash balances, end of year	<u>\$ 89,359</u>	<u>\$ 82,789</u>	<u>\$ 38,673</u>
<b>Cash Basis Fund Balances</b>			
Reserved for debt service	\$ -0-	\$ -0-	\$ -0-
Unreserved:			
General fund	89,359	-0-	-0-
Special revenue funds	-0-	82,789	38,673
Capital project fund	-0-	-0-	-0-
Permanent fund	-0-	-0-	-0-
Total fund balance	<u>\$ 89,359</u>	<u>\$ 82,789</u>	<u>\$ 38,673</u>

See notes to financial statements.

EXHIBIT B

	Debt Service	Capital Projects Aquatic Center	Permanent Library	Other Non-major Governmental Funds	Total
\$	163,130	\$ -0-	\$ -0-	\$ 8,935	\$ 559,848
	16	-0-	-0-	1	81,675
	-0-	-0-	-0-	-0-	5,556
	-0-	3	1,203	-0-	13,211
	-0-	-0-	-0-	166,651	181,180
	-0-	-0-	-0-	-0-	160,864
	-0-	-0-	-0-	-0-	1,510
	-0-	981	-0-	-0-	117,494
	<u>163,146</u>	<u>984</u>	<u>1,203</u>	<u>175,587</u>	<u>1,121,338</u>
	-0-	-0-	-0-	3,565	213,796
	-0-	-0-	-0-	148,367	233,078
	-0-	-0-	-0-	-0-	4,400
	-0-	-0-	-0-	-0-	347,786
	-0-	-0-	-0-	-0-	1,382
	-0-	-0-	-0-	1,500	109,258
	244,918	-0-	-0-	-0-	244,918
	-0-	426,643	-0-	90,037	516,680
	<u>244,918</u>	<u>426,643</u>	<u>-0-</u>	<u>243,469</u>	<u>1,671,298</u>
	(81,772)	(425,659)	1,203	(67,882)	(549,960)
	-0-	403,230	-0-	-0-	403,230
	70,678	-0-	-0-	3,000	83,911
	-0-	-0-	(1,203)	(9,030)	(83,911)
	<u>70,678</u>	<u>403,230</u>	<u>(1,203)</u>	<u>(6,030)</u>	<u>403,230</u>
	(11,094)	(22,429)	-0-	(73,912)	(146,730)
	(5,722)	26,922	55,648	8,636	335,600
\$	<u>(16,816)</u>	<u>4,493</u>	<u>55,648</u>	<u>(65,276)</u>	<u>188,870</u>
\$	(16,816)	\$ -0-	\$ -0-	\$ -0-	\$ (16,816)
	-0-	-0-	-0-	-0-	89,359
	-0-	-0-	-0-	13,921	135,383
	-0-	4,493	-0-	(79,197)	(74,704)
	-0-	-0-	55,648	-0-	55,648
\$	<u>(16,816)</u>	<u>4,493</u>	<u>55,648</u>	<u>(65,276)</u>	<u>188,870</u>



## CITY OF LOGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES -  
PROPRIETARY FUNDS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

	Enterprise Funds		
	Water	Sewer	Total
Operating receipts:			
Use of money and property	\$ 1,468	\$ -0-	\$ 1,468
Charges for services	307,796	252,057	559,853
Total operating receipts	309,264	252,057	561,321
Operating disbursements:			
Business type activities	289,249	91,058	380,307
Total operating disbursements	289,249	91,058	380,307
Excess of operating receipts over operating disbursements	20,015	160,999	181,014
Non-operating receipts (disbursements):			
Interest on investments	563	-0-	563
Meter deposits	3,780	-0-	3,780
Meter deposit refunds	(3,280)	-0-	(3,280)
Note proceeds	50,000	-0-	50,000
Debt service	(82,258)	(91,540)	(173,798)
Total non-operating receipts (disbursements)	(31,195)	(91,540)	(122,735)
Net change in cash balances	(11,180)	69,459	58,279
Cash balances, beginning of year	159,209	(188,377)	(29,168)
Cash balances, end of year	\$ 148,029	\$ (118,918)	\$ 29,111
<b>Cash Basis Fund Balances</b>			
Reserved:			
Meter deposits	\$ 12,500	\$ -0-	\$ 12,500
Sinking funds	50,112	-0-	50,112
Unreserved	85,417	(118,918)	(33,501)
Total fund balance	\$ 148,029	\$ (118,918)	\$ 29,111

See notes to financial statements.



## **NOTES TO FINANCIAL STATEMENTS**

**CITY OF LOGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**(1) Summary of Significant Accounting Policies**

The City of Logan is a political subdivision of the State of Iowa located in Harrison County. It was first incorporated in 1919 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, and general administrative services. The City also provides water and sewer utilities for its citizens.

**A. Reporting Entity**

For financial reporting purposes, the City of Logan has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

**Jointly Governed Organizations**

The City participates in jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials or appointees are members of the following boards and commissions: Harrison County Assessor's Conference Board, Harrison County Emergency Management Commission and Harrison County Landfill Commission.

**B. Basis of Presentation**

**Government-wide Financial Statements** - The Statement of Activities and Net Assets report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.



**CITY OF LOGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**(1) Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (continued)**

The Statement of Activities and Net Assets presents the City's non-fiduciary net assets. Net assets are reported the following categories:

Nonexpendable restricted net assets are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restrict net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include: 1) charges to customers or applicants whose purchase, or use directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

**CITY OF LOGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**(1) Summary of Significant Accounts Policies (Continued)**

**B. Basis of Presentation (Continued)**

Special Revenue:

The Local Option Sales Tax Fund is used to account for a variety of projects financed by the local option sales tax.

The Employee Benefits Fund is used to account for the City's portion of payroll taxes and retirement contributions in the public safety, public works, culture and recreation and general government functions.

The Debt Service Fund is used to account for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for the City's construction of the Aquatic Center.

The Permanent Fund is used to account for nonexpendable bequests to the City Library.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

**C. Measurement Focus and Basis of Accounting**

The City of Logan maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

**CITY OF LOGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**(1) Summary of Significant Accounts Policies (Continued)**

**D. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Disbursements did not exceed amounts budgeted for the year ended June 30, 2010.

**(2) Cash and Pooled Investments**

The City's deposits at June 30, 2010, were covered entirely by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City's cash, which consists of cash on hand, cash in bank and certificates of deposit, totaled \$217,981 as of June 30, 2010.

**CITY OF LOGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**(3) Long Term Debt**

Annual debt service requirements to maturity for general obligation and revenue notes are as follows:

Year Ending June 30,	General Obligation		Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 172,902	\$ 79,510	\$ 142,000	\$ 43,300	\$ 314,902	\$ 122,810
2012	176,111	72,834	150,000	37,449	326,111	110,283
2013	84,453	65,929	87,000	31,224	171,453	97,153
2014	87,932	62,450	90,000	27,308	177,932	89,758
2015	91,554	58,828	68,000	23,263	159,554	82,091
2016	95,326	55,056	71,000	20,339	166,326	75,395
2017	99,255	51,127	74,000	17,286	173,255	68,413
2018	103,345	47,037	77,000	14,104	180,345	61,141
2019	107,604	42,778	80,000	10,793	187,604	53,571
2020	112,039	38,343	84,000	7,353	196,039	45,696
2021	116,657	33,725	87,000	3,741	203,657	37,466
2022	121,464	28,918	-0-	-0-	121,464	28,918
2023	126,472	23,910	-0-	-0-	126,472	23,910
2024	130,308	18,696	-0-	-0-	130,308	18,696
2025	100,544	13,666	-0-	-0-	100,544	13,666
2026	104,789	9,421	-0-	-0-	104,789	9,421
2027	109,213	4,997	-0-	-0-	109,213	4,997
2028	37,418	781	-0-	-0-	37,418	781
Total	\$ 1,977,386	\$ 708,006	\$ 1,010,000	\$ 236,160	\$ 2,987,386	\$ 944,166

General Obligation Debt Resolutions

The resolutions providing for the issuance of the general obligation debt include the following:

- (a) The levy of taxes sufficient to provide payment of principal and interest when due.
- (b) Proceeds of the tax levy are to be collected in the debt service fund of the City.

The City is in compliance with the above provision.

**CITY OF LOGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**(3) Long Term Debt (Continued)**

Revenue Debt Resolutions

On October 15, 2006, the City issued Water Revenue Refunding Bonds, Series 2006 that refinanced the City's Water Revenue Notes, Series 1995, dated May 1, 1995, and Water Revenue Refunding Notes, Series 1997, dated April 1, 1997.

The resolutions providing for the issuance of the water revenue refunding bonds include the following:

- (a) The debt will only be redeemed from the future net revenues of the municipal waterworks system of the City.
- (b) The City shall impose, adjust and provide for the collection of rates to be charged to customers to produce revenues sufficient to pay for operation of the utility and leave a balance sufficient to pay the principal and interest on the revenue debts as they become due.
- (c) A "Water Revenue Sinking Fund" shall be created to set aside from the future net revenues of the utility such portion sufficient to pay principal and interest on the bonds as they become due. The minimum amount to be set aside each month shall be equal to 1/12 of the principal due May 1 of the next year and 1/6 of the interest due the next succeeding interest payment.

**CITY OF LOGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**(4) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.1% of their annual covered salary and the City is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008 were respectively \$25,933, \$23,400 and \$21,611, equal to the required contributions for each year.

**(5) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment at termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. Sick leave hours accumulate but are not payable upon termination. Upon retirement, employees are paid one-half the accumulated sick leave. The City's approximate liability for earned vacation and compensatory time payments payable to employees at June 30, 2010, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u> <u>June 30, 2010</u>
Vacation/Personal Day	\$ 14,417
Compensatory time	670
Total	\$ <u>15,087</u>

This liability has been computed based on rates of pay in effect as of June 30, 2010.

**CITY OF LOGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**(6) Lease Agreements**

In April, 1989, the City entered into a cancelable lease agreement for a tract of land for the purpose of establishing water wells on the said property for the annual sum of \$2,000 and continuing each year thereafter as long as the well site is being used by the City.

Rental expense for the year ended June 30, 2010 was \$2,000.

**(7) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2010, is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue - Emergency	\$ 9,030
General	Permanent Fund	1,203
Debt Service	General	50,000
Debt Service	Special Revenue - Local Option	20,678
General	Special Revenue - Self Insurance	3,000
Total		<u>\$ 83,911</u>

**(8) Related Party Transactions**

Business transactions between the City and City officials totaled \$2,623 during the year ended June 30, 2010.

**(9) Risk Management**

The City of Logan is exposed to various risks of loss to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CITY OF LOGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**(10) Deficit Fund Balances**

At June 30, 2010, the following funds had deficit balances as follows:

Fund	Deficit
Special Revenue - I-Jobs	\$ 8,223
Debt Service	16,816
Capital Projects - retention pond	79,197
Enterprise - Sewer	118,918
Total	\$ <u>223,154</u>

**(11) Jim Wood Aquatic Center**

On April 8, 2008, the citizens of Logan overwhelmingly approved a referendum to finance and construct the Jim Wood Aquatic Center. Grantors include the Jim Wood Foundation, the Schildberg Foundation, the Harrison County Endowment Fund, the Iowa West Foundation, Vision Iowa, Perfection Learning Corporation, First National Bank and others. The Community Bank of Logan financed the project with two general obligation notes: a \$1.5 million note at 4.178% and a \$400,000 note at 3.815%. The notes mature on June 1, 2028 and June 1, 2024, respectively. A summary of project receipts and disbursements is as follows:

	For the Two Years Ended June 30, 2009	Year Ended June 30, 2010	Total
Receipts:			
Contributions and grants	\$ 665,608	\$ 90,353	\$ 755,961
Interest	10,216	2	10,218
Proceeds of notes	1,496,770	403,230	1,900,000
Sale of property	13,100	-0-	13,100
Total receipts	<u>2,185,694</u>	<u>493,585</u>	<u>2,679,279</u>
Disbursements:			
Construction	2,078,996	415,892	2,494,888
Transfer - debt service	50,000	50,000	100,000
Transfer - operations	-0-	39,372	39,372
Furniture and equipment	14,539	-0-	14,539
Legal	13,964	-0-	13,964
Miscellaneous	1,273	10,749	12,022
Total disbursements	<u>\$ 2,158,772</u>	<u>\$ 516,013</u>	<u>\$ 2,674,785</u>
Cash balance at June 30, 2010			\$ <u>4,494</u>



**CITY OF LOGAN  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**(12) Grants**

Iowa Governor's Traffic Safety Bureau

On August 8, 2008, the Logan Police Department was awarded a \$4,500 Special Traffic Enforcement Program (STEP) grant from the Iowa Governor's Traffic Safety Bureau. The City received \$1,986 and \$2,514 for the years ended June 30, 2009 and 2010, respectively. On November 1, 2009, the City was again awarded a \$4,500 STEP grant from the same agency. For the year ended June 30, 2010, the City received \$1,243 in grant funds. The grant expires September 30, 2010.

Community Development Block Grant

On June 9, 2009, the City was awarded a \$245,000 grant from the Iowa Department of Economic Development for a retention pond and ditch at the City's lagoons. Groundwater problems at the lagoons were the result of the 2008 flood. As of June 30, 2010, the City had received \$10,840 in grant funds. Expected completion date of the project is September 1, 2010.

FEMA Grant

On October 3, 2008, the City was awarded a FEMA grant for emergency repairs to the City's lagoons that were damaged in the 2008 flood. The City received \$47,554 and \$5,008 for the years ended June 30, 2010 and 2009, respectively. Other FEMA assistance included \$7,486 for snowstorms and other emergencies.

**(13) Statistical Information**

	For the year ended June 30, 2010	
Gallons of water billed	39,378,360	67%
Gallons of water used by the City	13,406,940	23%
Gallons of water unaccounted for	6,126,813	10%
Gallons of water pumped	<u>58,912,113</u>	<u>100%</u>



## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF LOGAN**

**BUDGETARY COMPARISON SCHEDULE**  
**OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -**  
**BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2010**

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Property tax	\$ 559,848	\$ -0-
Other city tax	81,675	-0-
Licenses and permits	5,556	-0-
Use of money and permits	13,211	2,031
Intergovernmental	181,180	-0-
Charges for services	160,864	560,803
Special assessments	1,510	2,830
Miscellaneous	117,494	-0-
Total receipts	<u>1,121,338</u>	<u>565,664</u>
Disbursements:		
Public safety	213,796	-0-
Public works	233,078	-0-
Health and social services	4,400	-0-
Culture and recreation	347,786	-0-
Community and economic development	1,382	-0-
General government	109,258	-0-
Debt service	244,918	-0-
Capital projects	516,680	-0-
Business type	-0-	557,385
Total disbursements	<u>1,671,298</u>	<u>557,385</u>
Excess (deficiency) of receipts over (under) disbursements	(549,960)	8,279
Other financing sources, net	<u>403,230</u>	<u>50,000</u>
Excess (deficiency) of receipts and other financing sources	(146,730)	58,279
Balance beginning of year	<u>335,600</u>	<u>(29,168)</u>
Balance end of year	\$ <u>188,870</u>	\$ <u>29,111</u>

See Accompanying Independent Auditor's Report.

Total	Budgeted Amounts		Final to
	Original	Final	Total Variance
\$ 559,848	\$ 558,243	\$ 558,243	\$ 1,605
81,675	140,000	146,000	(64,325)
5,556	9,025	9,025	(3,469)
15,242	69,600	69,600	(54,358)
181,180	329,778	478,778	(297,598)
721,667	471,350	596,350	125,317
4,340	1,000	1,000	3,340
117,494	46,750	54,750	62,744
<u>1,687,002</u>	<u>1,625,746</u>	<u>1,913,746</u>	<u>(226,744)</u>
213,796	219,114	219,114	5,318
233,078	293,510	283,510	50,432
4,400	4,500	4,500	100
347,786	148,650	398,650	50,864
1,382	143,000	3,000	1,618
109,258	127,860	127,860	18,602
244,918	244,918	244,918	-0-
516,680	421,914	681,914	165,234
557,385	543,645	593,645	36,260
<u>2,228,683</u>	<u>2,147,111</u>	<u>2,557,111</u>	<u>328,428</u>
(541,681)	(521,365)	(643,365)	101,684
<u>453,230</u>	<u>400,500</u>	<u>450,500</u>	<u>2,730</u>
(88,451)	(120,865)	(192,865)	104,414
<u>306,432</u>	<u>306,432</u>	<u>306,432</u>	<u>-0-</u>
\$ <u>217,981</u>	\$ <u>185,567</u>	\$ <u>113,567</u>	\$ <u>104,414</u>



## **CITY OF LOGAN**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING**

**JUNE 30, 2010**

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except for Internal Service Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, the budget was amended in September 2009 and May 2010, increasing budgeted disbursements by \$410,000. The budget amendments are reflected in the final budgeted amounts.

Disbursements did not exceed the amounts budgeted during the year ended June 30, 2010.





## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF LOGAN**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES -  
NON-MAJOR GOVERNMENTAL FUNDS**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue		
	Emergency	Road Use	Community Disaster
Receipts:			
Property tax	\$ 8,935	\$ -0-	\$ -0-
Other city tax	1	-0-	-0-
Intergovernmental	-0-	136,569	-0-
Total receipts	8,936	136,569	-0-
Disbursements:			
Operations:			
Public safety	-0-	-0-	2,065
Public works	-0-	131,570	-0-
General government	-0-	-0-	-0-
Capital projects	-0-	-0-	-0-
Total disbursements	-0-	131,570	2,065
Excess (deficiency) of receipts over (under) disbursements	8,936	4,999	(2,065)
Other financing sources (uses):			
Operating transfers in	-0-	-0-	-0-
Operating transfers out	(9,030)	-0-	-0-
Net financing sources (uses)	(9,030)	-0-	-0-
Net change in cash balances	(94)	4,999	(2,065)
Cash balances, beginning of year	94	977	2,065
Cash balances, end of year	\$ -0-	\$ 5,976	\$ -0-
<b>Cash Basis Fund Balances</b>			
Unreserved:			
Special revenue	\$ -0-	\$ 5,976	\$ -0-
Capital projects	-0-	-0-	-0-
Total fund balance	\$ -0-	\$ 5,976	\$ -0-

See Accompanying Independent Auditor's Report.

SCHEDULE 1

Special Revenue			Capital	
FEMA	Self		Projects	
Assistance	Insurance	I-Jobs	CDBG Lagoon	Total
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 8,935
-0-	-0-	-0-	-0-	1
12,494	-0-	6,748	10,840	166,651
12,494	-0-	6,748	10,840	175,587
-0-	1,500	-0-	-0-	3,565
1,826	-0-	14,971	-0-	148,367
-0-	1,500	-0-	-0-	1,500
-0-	-0-	-0-	90,037	90,037
1,826	3,000	14,971	90,037	243,469
10,668	(3,000)	(8,223)	(79,197)	(67,882)
-0-	3,000	-0-	-0-	3,000
-0-	-0-	-0-	-0-	(9,030)
-0-	3,000	-0-	-0-	(6,030)
10,668	-0-	(8,223)	(79,197)	(73,912)
(5,000)	10,500	-0-	-0-	8,636
\$ 5,668	\$ 10,500	\$ (8,223)	\$ (79,197)	\$ (65,276)
\$ 5,668	\$ 10,500	\$ (8,223)	\$ -0-	\$ 13,921
-0-	-0-	-0-	(79,197)	(79,197)
\$ 5,668	\$ 10,500	\$ (8,223)	\$ (79,197)	\$ (65,276)

**CITY OF LOGAN**  
**SCHEDULE OF INDEBTEDNESS**  
**YEAR ENDED JUNE 30, 2010**

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General obligation debt:			
GO Refunding Bonds	September 15, 2005	3.25-3.75%	\$ 540,000
GO Aquatic Center Note	September 15, 2008	4.178%	\$ 1,500,000
General Fund Aquatic Center Note	February 19, 2009	3.815%	\$ 400,000
Revenue debt:			
Sewer Notes	July 10, 2001	4.30%	\$ 1,210,000
Water Revenue Refunding Bonds	October 15, 2006	3.85-4.05%	\$ 480,000
Water Revenue Note	February 1, 2010	5.00%	\$ 50,000

See accompanying independent auditor's report.

SCHEDULE 2

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ 280,000	\$ -0-	\$ 90,000	\$ 190,000	\$ 10,225	\$ 602
1,438,394	23,230	62,972	1,398,652	58,510	-0-
20,000	380,000	11,266	388,734	11,546	1,236
<u>\$ 1,738,394</u>	<u>\$ 403,230</u>	<u>\$ 164,238</u>	<u>\$ 1,977,386</u>	<u>\$ 80,281</u>	<u>\$ 1,838</u>
\$ 840,000	\$ -0-	\$ 55,000	\$ 785,000	\$ 36,120	\$ 2,813
255,000	-0-	80,000	175,000	10,205	587
-0-	50,000	-0-	50,000	833	208
<u>\$ 1,095,000</u>	<u>\$ 50,000</u>	<u>\$ 135,000</u>	<u>\$ 1,010,000</u>	<u>\$ 47,158</u>	<u>\$ 3,608</u>

**CITY OF LOGAN**  
**BOND AND NOTE MATURITIES**  
**YEAR ENDED JUNE 30, 2010**

**General Obligation Debt**

Year Ended June 30,	<u>General Obligation Refunding Bonds</u> <u>Issued September 15, 2005</u>		<u>General Obligation Aquatic Center Note</u> <u>Issued September 15, 2008</u>	
	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>
2011	3.65%	\$ 95,000	4.178%	\$ 56,357
2012	3.75%	95,000	4.178%	58,736
2013	--	-0-	4.178%	61,216
2014	--	-0-	4.178%	63,800
2015	--	-0-	4.178%	66,493
2016	--	-0-	4.178%	69,300
2017	--	-0-	4.178%	72,226
2018	--	-0-	4.178%	75,275
2019	--	-0-	4.178%	78,453
2020	--	-0-	4.178%	81,765
2021	--	-0-	4.178%	85,217
2022	--	-0-	4.178%	88,814
2023	--	-0-	4.178%	92,564
2024	--	-0-	4.178%	96,472
2025	--	-0-	4.178%	100,544
2026	--	-0-	4.178%	104,789
2027	--	-0-	4.178%	109,213
2028	--	-0-	4.178%	37,418
Total		\$ <u>190,000</u>		\$ <u>1,398,652</u>

See Accompanying Independent Auditor's Report.

**CITY OF LOGAN**  
**DEBT MATURITIES**  
**YEAR ENDED JUNE 30, 2010**

**General Obligation Debt**

General Fund Aquatic Center Note  
Issued February 19, 2009

<u>Year Ended June 30,</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Total</u>
2011	3.815%	\$ 21,545	\$ 172,902
2012	3.815%	22,375	176,111
2013	3.815%	23,237	84,453
2014	3.815%	24,132	87,932
2015	3.815%	25,061	91,554
2016	3.815%	26,026	95,326
2017	3.815%	27,029	99,255
2018	3.815%	28,070	103,345
2019	3.815%	29,151	107,604
2020	3.815%	30,274	112,039
2021	3.815%	31,440	116,657
2022	3.815%	32,650	121,464
2023	3.815%	33,908	126,472
2024	3.815%	33,836	130,308
2025	--	-0-	100,544
2026	--	-0-	104,789
2027	--	-0-	109,213
2028	--	-0-	37,418
Total		\$ <u>388,734</u>	\$ <u>1,977,386</u>

**CITY OF LOGAN**  
**DEBT MATURITIES**  
**YEAR ENDED JUNE 30, 2010**

**Revenue Debt**

<u>Water Revenue Refunding Bonds, Series 2006</u> <u>Issued October 15, 2006</u>			<u>Water Revenue Note</u> <u>Issued February 1, 2010</u>	
<u>Year Ended June 30,</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>
2011	4.00%	\$ 85,000	5.00%	\$ -0-
2012	4.05%	90,000	5.00%	-0-
2013	--	-0-	5.00%	25,000
2014	--	-0-	5.00%	25,000
2015	--	-0-	-0-	-0-
2016	--	-0-	-0-	-0-
2017	--	-0-	-0-	-0-
2018	--	-0-	-0-	-0-
2019	--	-0-	-0-	-0-
2020	--	-0-	-0-	-0-
2021	--	-0-	-0-	-0-
Total		\$ <u>175,000</u>		\$ <u>50,000</u>

See Accompanying Independent Auditor's Report.



CITY OF LOGAN  
DEBT MATURITIES  
YEAR ENDED JUNE 30, 2010

Revenue Debt

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Sewer Revenue Note  
Issued July 10, 2001

<u>Year Ended June 30,</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Total</u>
2011	4.30%	\$ 57,000	\$ 142,000
2012	4.30%	60,000	150,000
2013	4.30%	62,000	87,000
2014	4.30%	65,000	90,000
2015	4.30%	68,000	68,000
2016	4.30%	71,000	71,000
2017	4.30%	74,000	74,000
2018	4.30%	77,000	77,000
2019	4.30%	80,000	80,000
2020	4.30%	84,000	84,000
2021	4.30%	87,000	87,000
Total		\$ 785,000	\$ 1,010,000



SCHEDULE 4

**CITY OF LOGAN**

**SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION -  
ALL GOVERNMENTAL FUNDS**

**FOR THE LAST FIVE YEARS**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Receipts:					
Property and other city taxes	\$ 559,848	\$ 566,030	\$ 559,945	\$ 542,605	\$ 556,726
Tax increment financing	81,675	-0-	-0-	-0-	-0-
License and permits	5,556	5,175	6,556	3,622	4,457
Use of money and property	13,211	16,033	23,677	16,589	17,425
Intergovernmental	181,180	289,823	149,540	144,177	140,722
Charges for service	160,864	103,713	108,441	103,137	35,042
Special assessments	1,510	94	728	677	179
Miscellaneous	117,494	193,914	257,163	186,316	97,326
Note proceeds	403,230	1,496,770	-0-	-0-	-0-
Sale of assets	-0-	3,300	11,076	-0-	3,000
Total	<u>1,524,568</u>	<u>\$ 2,674,852</u>	<u>\$ 1,117,126</u>	<u>\$ 997,123</u>	<u>\$ 854,877</u>
Disbursements:					
Operating:					
Public safety	\$ 213,796	\$ 192,514	\$ 204,532	\$ 181,936	\$ 207,762
Public works	233,078	274,346	291,764	208,141	259,961
Health and social services	4,400	4,350	4,200	4,200	4,000
Culture and recreation	347,786	135,905	194,703	141,513	122,520
Community and econ dev	1,382	1,458	2,050	2,736	11,356
General government	109,258	117,979	109,151	104,123	103,801
Debt service	244,918	179,484	130,394	128,156	108,429
Capital projects	516,680	1,964,387	144,385	-0-	-0-
Total	<u>\$ 1,671,298</u>	<u>\$ 2,870,423</u>	<u>\$ 1,081,179</u>	<u>\$ 770,805</u>	<u>\$ 817,829</u>

See accompanying independent auditor's report.



**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

# MUXFELDT ASSOCIATES, CPA, P.C.

August 25, 2010

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARD

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Licensed In:

Iowa  
Missouri

To the Honorable Mayor and  
Members of the City Council:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Logan, Iowa as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued my report thereon dated August 25, 2010. My report expressed an unqualified opinion on the financial statements which were prepared in conformity with another comprehensive basis of accounting. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Logan's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of the City of Logan's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of Logan's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, I identified a certain deficiency in internal control over financial reporting that I consider to be a material weakness but no deficiencies that I consider to be significant deficiencies.

Continued . . .

Member of American Institute of Certified Public Accountants,  
Iowa Society of CPA's and AICPA Private Companies Practice Section

August 25, 2010  
To the Honorable Mayor and  
Members of the City Council:  
Page Two

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Logan's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I noted no deficiencies that I considered to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Logan's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the City. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Logan's responses to findings identified in my audit are described in the accompanying Schedule Findings and Questioned Costs. While I have expressed my conclusions on the City's responses, I did not audit the City of Logan's responses and, accordingly, I express no opinion on them.

Continued . . .





August 25, 2010  
To the Honorable Mayor and  
Members of the City Council:  
Page Three

This report, a public record by law, is intended for the information and use of the officials, employees and citizens of the City of Logan and other parties to whom the City of Logan may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the City of Logan during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

*Musfeldt Associates, CPA, P.C.*



**CITY OF LOGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2010**

**Part I: Summary of the Independent Auditor's Results**

- a. Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is an other comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- b. A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- c. The audit did not disclose any non-compliance which is material to the financial statements.

**Part II: Findings Related to the Financial Statements**

INSTANCE OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

**II-A-10 Segregation of Duties**

Comment - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal are all done by the same person.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will consider this.

Conclusion - Response acknowledged. The City could segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

**CITY OF LOGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2010**

**Part III: Other Findings Related to Statutory Reporting**

- III-A-10 Certified Budget - Disbursements during the year ended June 30, 2010 did not exceed amounts budgeted.
- III-B-10 Questionable Disbursements - I noted no disbursements for parties, banquets or other entertainment for employees that I believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.
- III-C-10 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- III-D-10 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Transaction	Transaction Description	Amount
Gary Nordby, Park Board Owner of G&R Nifty Lawns	Lawn care and Lawn preparation, per bid	\$ 2,623

The transactions with the Park Board Member do not appear to represent a conflict of interest since they were entered into through competitive bidding in accordance with Chapter 362.5(4) of the Code of Iowa.

- III-E-10 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

**CITY OF LOGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2010**

**Part III Other Findings Relating to Statutory Reporting (Continued)**

- III-F-10 Council Minutes - No transactions were found that I believe should have been approved in the Council minutes but were not.
- III-G-10 Revenue Notes - The City is in compliance with all covenants of their Revenue Note resolutions.
- III-H-10 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's deposit and investment policy were noted.
- III-I-10 Financial Condition - Two funds had material deficit balances at June 30, 2010. The sewer enterprise fund had a \$118,918 deficit and the CDBG lagoon capital projects fund had a \$79,197 deficit.

Recommendation - The City should continue monitoring these deficits in order to return these funds to a sound financial position.

Response - On July 1, 2009, Ordinances 432 and 433 went into effect, increasing water and sewer rates by 100%. The sewer enterprise deficit was reduced by \$69,459 and it is anticipated that the sewer enterprise deficit will be eliminated by 2012. The CDBG lagoon capital projects deficit will be eliminated upon the receipt of CDBG grant funds. Expected completion date is September 1, 2010.

Conclusion - Response accepted.



CITY OF LOGAN  
LOGAN, IOWA 51546

**NEWS RELEASE**

Muxfeldt Associates, CPA, P.C., 2309 B Chatburn Avenue, Harlan, Iowa today released an audit report on the City of Logan, Iowa.

The City's receipts totaled \$2,140,232 for the year ended June 30, 2010, a 31 percent decrease from 2009. The receipts included \$559,904 from property tax, \$760,197 from charges for services, \$177,365 from operating grants, contributions and restricted interest, \$106,204 from capital grants, contributions and restricted interest, \$81,619 from local option sales tax, \$1,713 from unrestricted investment earnings, and \$453,230 from note proceeds.

Disbursements for the year totaled \$2,228,683, a 34 percent decrease from 2009, and included \$516,680 for capital projects, \$347,786 for culture and recreation, and \$244,918 for debt service. Also, disbursements for business type activities totaled \$557,385.

The significant decrease is primarily due to the completion of the Aquatic Center.

A copy of the audit report is available for review in the office of City Administrator's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

